

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye  
Marshall Johnson  
Ken Nickolai  
Thomas Pugh  
Phyllis A. Reha

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of Great Plains Natural Gas  
Company's Annual Depreciation Study

ISSUE DATE: March 21, 2007

DOCKET NO. G-004/D-06-700

ORDER APPROVING DEPRECIATION  
RATES AND METHODS

**PROCEDURAL HISTORY**

On May 11, 2006, Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc., (Great Plains) filed a depreciation update requesting that the Commission approve the proposed depreciation rates with an effective date as of the Commission Order in this docket. The Department of Commerce (the Department) examined the petition and recommended approval with modification and additional reporting requirements.

No party opposed approval.

**FINDINGS AND CONCLUSIONS**

The depreciation study submitted by the Company used the remaining life (RL) and vintage year techniques of straight line depreciation to calculate depreciation accruals, as required by Minnesota Rules, Part 7825.0800. The Commission finds the resulting depreciation rates proper and adequate under Minnesota Statutes section 216B.11 (1986) and Minnesota Rules, Part 7825.0600.

Based upon its evaluation, the Company proposed to adjust the remaining lives of its facilities to reflect a one-year passage of time, and the various plant investments and retirements that have occurred during the period. The Department recommended that the Commission find the changes to the remaining lives reasonable.

The Commission agrees that, in general, the proposed remaining lives and salvage values are reasonable. However, the proposed amortization rates for certain assets will result in over-amortization of those assets. Therefore, the proposed amortization rates will be approved, as modified:

Account 391.10	8.20%
Account 395.00	2.83%
Account 397	5.01%
Account 398	4.85%

The depreciation rates and methods certified in this Order are binding on all future rate proceedings and remain in effect until the next depreciation certification or until otherwise changed by the Commission. Minnesota Rules, Part 7825.0900. Specific dollar amounts of gross plant, depreciation reserve, annual accrual and dollars to be allowed as additional depreciation are subject to audit, however, and the inclusion of items in this Order for depreciation purposes does not guarantee their inclusion in rate base and the income statement for rate making purposes.

Companies are required by law to review their depreciation rates annually to ensure that they are still generally appropriate. Minnesota Rules, Part 7825.0600, subparts 2 and 3. The Commission will require the Company to file a remaining life depreciation petition based on its next five-year depreciation study.

### **ORDER**

1. The Commission certifies the remaining lives, salvages and depreciation or amortization rates on the basis of the depreciation study submitted by Great Plains Natural Gas Company, as revised by the Department's October 11, 2006, Comments, Attachment 2, and as modified herein.
2. The effective date of the proposed depreciation rates is March 1, 2007.
3. Rates from all future remaining life depreciation and amortization study/updates shall be effective January 1 of the year for which the study is done and the filing is made starting with the depreciation study in 2007 (based on year-end December 31, 2007).
4. By June 1, 2007, Great Plains shall file a five-year depreciation study.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(SEAL)

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